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DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID DOD-2019-OS-0108]

**Science and Technology Reinvention Laboratory (STRL) Personnel Demonstration Project
in the Technical Center of the U.S. Army Space and Missile Defense Command
(USASMDC)**

AGENCY: Under Secretary of Defense for Research and Engineering (USD(R&E)), DoD.

ACTION: Notice of proposal to adopt and modify an existing personnel management demonstration project.

SUMMARY: This Federal Register Notice (FRN) serves as notice of the proposed adoption of an existing STRL Personnel Management Demonstration Project by the Technical Center, U.S. Army Space and Missile Defense Command (USASMDC). The Technical Center proposes to adopt, with some modifications, the STRL Personnel Demonstration Project implemented at the U.S. Army Combat Capabilities Development Command (CCDC) Aviation and Missile Center (AvMC) (previously designated as the Aviation and Missile Research, Development, and Engineering Center).

DATES: The Technical Center's demonstration project proposal may not be implemented until a 30-day comment period is provided, comments addressed, and a final FRN published. To be considered, written comments must be submitted on or before [INSERT DATE 30 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by docket number and title, by any of the following methods:

Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

Mail: Department of Defense, Office of the Chief Management Officer, Directorate for Oversight and Compliance, 4800 Mark Center Drive, Mailbox #24, Suite 08D09, Alexandria, VA 22350-1700.

Instructions: All submissions received must include the agency name, docket number and title for this Federal Register document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing on the Internet at <http://www.regulations.gov> as they are received without change, including any personal identifiers or contact information.

FOR FURTHER INFORMATION CONTACT:

- Technical Center, U.S. Army Space and Missile Defense Command (USASMDC): Mr. Chad Marshall, 5220 Martin Road, Redstone Arsenal AL 35898-5000, (256) 955-5697, chad.j.marshall.civ@mail.mil.
- DoD: Dr. Jagadeesh Pamulapati, Director, Laboratories and Personnel Office, 4800 Mark Center Drive, Alexandria, VA 22350, (571) 372-6372, jagadeesh.pamulapati.civ@mail.mil.

SUPPLEMENTARY INFORMATION: Section 342(b) of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1995, Public Law 103-337, as amended by section 1109 of the NDAA for FY 2000, Public Law 106-65; section 1114 of the NDAA for FY 2001, Public Law 106-398; and section 211 of the NDAA for FY 2017, Public Law 114.328, authorizes the Secretary of Defense (SECDEF), through the USD(R&E) to conduct personnel demonstration projects at DoD laboratories designated as science and technology reinvention laboratories

(STRLs). All STRLs authorized by section 1105 of the NDAA for FY 2010, Public Law 111-84, as well as any newly designated STRLs authorized by SECDEF or future legislation, may use the provisions described in this FRN. STRLs implementing this flexibility must have an approved personnel management demonstration project plan published in an FRN and will fulfill any collective bargaining obligations. Each STRL will establish internal operating procedures (IOPs) to provide additional guidance on implementation of the FRN.

1. Background

Many studies conducted since 1966 on the quality of the laboratories and personnel have recommended improvements in civilian personnel policy, organization, and management. Pursuant to the authority provided in section 342(b) of Public Law 103-337, as amended, a number of DoD STRL personnel demonstration projects have been approved. The demonstration projects are “generally similar in nature” to the Department of Navy’s China Lake Personnel Demonstration Project. The terminology “generally similar in nature” does not imply an emulation of various features, but rather implies a similar opportunity and authority to develop personnel flexibilities that significantly increase the decision authority of laboratory commanders and/or directors.

2. Overview

The Technical Center will adopt, with some modifications, the STRL Personnel Demonstration Project published in 62 FR 34876, June 27, 1997 and implemented in the CCDC AvMC, Redstone Arsenal, Alabama. Section 1105(b) of the FY10 NDAA, as amended by section 1103 of the FY15 NDAA, Public Law 113-291, authorizes the Technical Center, USASMDC to implement an STRL Personnel Demonstration Project.

Adoption of CCDC AvMC's STRL Personnel Demonstration Project, with modifications, will enable the Technical Center to achieve the best workforce for their mission, adjust the workforce for change, improve workforce quality, and allow the Technical Center to acquire and retain an enthusiastic, innovative, and highly educated and trained workforce, particularly scientists and engineers. The purpose of the project is to demonstrate that the effectiveness of DoD laboratories can be enhanced by allowing greater managerial control over personnel functions and at the same time, expand the opportunities available to employees through a more responsive and flexible personnel system. Implementation of a STRL Personnel Demonstration Project in the Technical Center is essential for competitive hiring and retention of a highly qualified workforce.

3. Access to Flexibilities of Other STRLs

Flexibilities published in this FRN will be available for use by the STRLs enumerated in section 1105 of the NDAA for FY 2010, Public Law 111–84 as amended, if they wish to adopt them in accordance with DoD Instruction 1400.37, “Science and Technology Reinvention Laboratory (STRL) Personnel Demonstration Projects” (available at <https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/140037p.pdf>) (and its successor instructions) and after the fulfillment of any collective bargaining obligations.

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I. Executive Summary

The Technical Center is a subordinate organization of the USASMDC. The Technical Center provides technologies to meet today's requirements and future needs in directed energy, space, cyberspace, hypersonics, and integrated air and missile defense by executing Science and Technology (S&T) and Research and Development (R&D) programs within core competencies; managing and conducting test programs; managing and operating the Reagan Test Site; and conducting space operations and space surveillance. To deliver technologies and solutions to enable warfighter dominance, the Technical Center must be able to balance customer requirements for near-term technical and scientific products and information with the evolving capabilities of the workforce. These missions will be significantly enhanced by personnel management changes or flexibilities, to include funded education programs for degrees related to mission areas; modified term appointment authorities such as contingent employee, flexible length and renewable term authorities; and establishment of Senior Scientific Technical Manager (SSTM) positions.

This project adopts, with some modifications, the STRL personnel demonstration project designed by the CCDC AvMC, with participation and review by the Department of the Army (DA) and DoD. The foundations of this project are based on the concept of linking performance to pay for all covered positions; simplifying paperwork and the processing of classification and other personnel actions; emphasizing partnerships among management, employees, and the Union; and delegating classification and other authorities to line managers. Additionally, the intellectual capital of the Technical Center workforce will be revitalized through the use of expanded opportunities for employee development. These opportunities will reinvigorate the creative intellect of the research and development community.

The Director of the Technical Center at USASMDC will execute and manage the project. Project oversight within the DA will be achieved by an executive steering committee made up of top-level executives, co-chaired by the Deputy Assistant Secretary of the Army for Research and Technology and the Deputy Assistant Secretary of the Army (Civilian Personnel Policy)/Director, Civilian Personnel. Oversight external to the Army will be provided by DoD.

II. Introduction

A. Purpose

The purpose of the project is to demonstrate that the effectiveness of DoD laboratories can be enhanced by allowing greater managerial control over personnel functions and, at the same time, expanding the opportunities available to employees through a more responsive and flexible personnel system. The quality of DoD laboratories, their people, and products has been under intense scrutiny in recent years. This perceived deterioration of quality is due, in substantial part, to the erosion of control, which line managers have over their human resources. This

demonstration, in its entirety, attempts to provide managers, at the lowest practical level, the authority, control, and flexibility needed to achieve quality laboratories and quality products.

B. Problems with the Present System

The Technical Center's technology programs/products contribute to the readiness of U.S. forces and to the stability of the American economy. To complete its mission, the Technical Center must acquire and retain an enthusiastic, innovative, and highly educated and trained workforce, particularly scientists and engineers. The Technical Center must be able to compete with the private sector and other government agencies for the best talent and be able to make job offers in a timely manner with the attendant monetary compensation and incentives to attract high quality employees. The Technical Center must compete for high quality scientists and engineers with (1) the CCDC AvMC, an STRL established in 1997, (2) the Missile Defense Agency (MDA), and (3) the private sector within the second largest Research Park in the United States. Today, industry laboratories can make an offer of employment to a promising new hire before the Technical Center can prepare the paperwork necessary to begin the recruitment process.

The current personnel system does not enhance the Technical Center Director's capability to achieve the full flexibility of a DoD STRL. The DoD STRL Laboratory Personnel Demonstration Project provides more authority and flexibilities needed by the Technical Center. The DoD STRL's strategic objectives are supported by recent legislative initiatives and published FRNs. These tenets include changing procedures involving personnel management, research related contracting, and facilities refurbishment; and enhancing the STRL director's management authority. Managers must be given local control of positions and classifications to enable movement of positions to other lines of the business activity within the STRL to match

supported customers' needs, including needs stemming from weapon system life cycles. In addition, Technical Center managers must be provided with additional tools to timely reward and motivate employees.

C. Changes Required/Expected Benefits

This project is expected to demonstrate that a human resource system tailored to the mission and needs of the Technical Center will result in: (a) Increased timeliness of key personnel processes; (b) increased retention rates of high quality employees and separation rates of poor quality employees; and (c) increased customer satisfaction with the Technical Center and its products by all customers it serves. The primary benefit expected from this demonstration project is greater organizational effectiveness.

The Technical Center will adopt, with some modifications, the demonstration project designed and implemented by the CCDC AvMC. The CCDC AvMC demonstration program was based on successful features of the China Lake demonstration project and the National Institute of Standards and Technology (NIST) project. The CCDC AvMC payband structure is modified, however to improve personnel recruitment and retention and preserve the same pay structure for clerical and administrative employees across the entire USASMDC. The Engineers & Scientists Occupational Family (DB) is modified slightly for payband III to extend the cap to \$10,000 above the GS-13, step 10 salary.

The STRL demonstration projects have produced impressive statistics for on-the-job satisfaction for their employees versus that for the federal workforce in general. The Technical Center's success is dependent on its total workforce. The new authorities will provide additional management tools that will enable the Technical Center to attract and retain the best and brightest employees. Therefore, in addition to expected benefits mentioned above, the Technical

Center demonstration project expects to find increased employee satisfaction due to many aspects of the project, including pay equity, timely classification decisions, and enhanced career development opportunities. A full range of measures will be collected during the project evaluation described in Section VII.

D. Participating Organization

The Technical Center is comprised of employees located mainly at Redstone Arsenal, Alabama, with the remaining employees located at sites at Albuquerque and White Sands Missile Range, New Mexico; Washington, DC; and U.S. Army Kwajalein Atoll, Republic of Marshall Islands. The SMDC Technical Center's successor organizations, if any, will continue to be covered by this demonstration project.

E. Participating Employees

The demonstration project includes civilian appropriated fund employees in the competitive and excepted service, and will cover approximately 150 Technical Center civilian employees, unless otherwise excluded. Senior Executive Service (SES) members, Senior Leader/Scientific and Professional (SL/ST) employees, Federal Wage Grade (FWS) employees, and Defense Civilian Intelligence Personnel System (DCIPS) positions will not be covered in the demonstration project. Additionally, DA interns will not be converted to the demonstration project until completion of the intern program. Personnel added to the Technical Center after implementation, in like positions covered by the demonstration (through appointment, promotion, reassignment, realignment, change to a lower grade, or where their functions and positions have been transferred into the Technical Center) will be converted to the demonstration project in accordance with this FRN, Section V. Conversion. Successor organizations will continue coverage in the demonstration project.

F. Labor Participation

The Technical Center began negotiations with American Federation of Government Employees (AFGE) Local 1858 Union officials in the second quarter, FY 2016, concerning this demonstration project's development. AFGE Local 1858 represents professional and non-professional bargaining unit employees in the Technical Center. Negotiations with AFGE Local 1858 influenced this demonstration project's design in areas of significant concern to bargaining unit employees. The Technical Center will continue to fulfill its obligations to consult and/or negotiate with AFGE, in accordance with 5 U.S.C. 4703(f) and 7117, and applicable Executive Orders, in implementing the demonstration project. The Union is an integral part of this STRL personnel demonstration project, and will be a full partner in its implementation.

G. Project Design

The Technical Center engaged the Deputy Chief of Staff for Personnel (G1), Deputy Chief of Staff for Resource Management (G8), Office of Command Counsel and Staff Judge Advocate, AFGE Local 1858, and senior managers in the USASMDC to consider the attributes developed by and currently in use at the CCDC AvMC STRL personnel demonstration project. An Integrated Process Team approach was used to review these attributes. The team was led by management, and the team members were managers and associates from the Technical Center, AFGE Local 1858, other major functional organizations within the command and the CCDC AvMC.

This personnel system design was subject to critical reviews at the executive level within the command. The Technical Center reviewed broadbanding systems currently practiced in the Federal sector. Technical Center management conferred with AFGE Local 1858 to obtain agreement for a partnership to pursue a demonstration project like the CCDC AvMC's. Initial

concept designs for this demonstration project received critical reviews by headquarters elements of DA and DoD. AFGE Local 1858 endorsed a partnership in pursuit of a STRL demonstration project, as long as it is similar in nature to the demonstration project currently implemented in the CCDC AvMC.

H. Personnel Policy Board

The Technical Center intends to establish an appropriate balance between the personnel management authority of supervisors and the demonstration project oversight responsibilities of a Personnel Policy Board (PPB). The Technical Center Director will delegate the demonstration project's management and oversight to a PPB whose members, Chairperson, and Staff (other than union representatives) will be appointed by the Director. The Union will have permanent membership in the PPB and will select its representatives. The Union will only participate in matters impacting bargaining unit employees. The PPB's establishment will not affect the authority of any management official in the exercise of the management rights set forth in 5 U.S.C. 7106. The PPB will be tasked with the following:

1. Overseeing the civilian pay budget.
2. Determining the composition of the pay-for-performance pay pools in accordance with the guidelines of this FRN and internal procedures.
3. Allocating funds to pay pool managers.
4. Reviewing operation of the Technical Center pay pools.
5. Reviewing hiring and promotion compensation, to include exceptions to pay-for-performance salary increases.
6. Providing guidance to pay pool managers.
7. Monitoring award pool distribution.

8. Selecting participants for the Expanded Developmental Opportunity Program, long term training, and any special developmental assignments.
9. Ensuring in-house budget discipline.
10. Assessing the need for changes to demonstration project procedures and policies.
11. Adjudicating requests for retention pay, to include requests to adjust individual employee pay setting to avoid unintended pay loss due to conversion to the demonstration project.

I. Funding Levels

The Under Secretary of Defense (Personnel and Readiness), may, at his/her discretion, adjust the minimum funding levels of performance pay pools to take into account factors such as the Department's fiscal condition, guidance from the Office of Management and Budget, and equity in circumstances when funding is reduced or eliminated for GS pay raises or awards.

III. Personnel System Changes

A. Broadbanding

1. Occupational Families

Occupations at the Technical Center will be grouped into occupational families. Occupations will be grouped according to similarities in type of work, customary requirements for formal training or credentials, and in consideration of the business practices at the Technical Center. Common patterns of advancement within the Technical Center's occupations, as practiced at DoD Laboratories and in the private sector, will also be considered. The Technical Center's current occupations and grades have been examined, and their characteristics and distribution were utilized as guidelines in developing the three occupational families described below:

a. Engineers and Scientists (E&S). This occupational family includes all technical professional positions, such as engineers, physicists, chemists, metallurgists, mathematicians, operations research analysts, and computer scientists. Specific course work or educational degrees are generally required for these occupations.

b. Technical and Business Support. This occupational family contains positions that directly support the E&S mission; it includes specialized functions in fields such as technical information management, equipment specialists, quality assurance, engineering and electronics technicians, finance, accounting, general administrative, business and industry specialists, and management analysis. Employees in these jobs may or may not require specific course work or educational degrees. Analytical abilities and specialized knowledge in administrative fields are required for these positions. Knowledge of, and training in, various electrical, mechanical, chemical, or computer principles, methods, and techniques, as applicable to the specific positions, are also generally required.

c. General Support. This occupational family is composed of positions for which minimal formal education is needed, but for which special skills, such as office automation, are usually required. This occupational family includes: clerical work, that usually involves processing and maintaining records; and assistant work, that requires knowledge of methods and procedures within a specific administrative area. Other support functions include secretarial work and other clerical support.

2. Paybands

Each occupational family will be composed of discrete paybands (levels) corresponding to recognized advancement within the occupations. These paybands will replace grades used under the GS system, and will not be the same for all occupational families. Each occupational family

will be divided into four to five paybands; each payband will encompass one or more of the corresponding grades under the GS system. A salary overlap will be maintained, similar to the current overlap between GS grades.

Exceptional qualifications, specific organizational requirements, or other compelling reasons may lead an employee to enter a payband at a higher level.

The proposed paybands for the occupational families and how they relate to the current GS grades are shown in Figure 1. Application of the Fair Labor Standards Act (FLSA) within each payband is also shown in Figure 1. This payband concept has the following advantages:

1. It may reduce the number of classification decisions required during an employee's career.
2. It simplifies the classification decision-making process and paperwork. A payband covers a larger scope of work than a grade under the GS system, and will be defined in shorter and simpler language.
3. It supports delegation of classification authority to line managers.
4. It provides a broader range of performance-related pay for each level. In many cases, employees whose pay would have been frozen at the top step of a GS system grade will now have more potential for upward movement in the broader payband.
5. It prevents the progression of low performers through a payband by mere longevity, since job performance serves as the basis for determining pay.

The Technical Center will modify the CCDC AvMC flexibility establishing and implementing the concept of Payband V of the Engineers and Scientists occupational family. The CCDC AvMC paybanding plan expanded the paybanding concept used at China Lake and NIST by creating Payband V of the Engineers and Scientists (E&S) occupational family. This

payband pertains to SSTMs who engage in research and development in the physical, biological, medical or engineering sciences, or another field closely related to the mission of the Technical Center and carry out technical supervisory responsibilities. SSTM positions may be filled using the authority in 10 U.S.C. 2358a. The number of such positions may not exceed two percent of the number of scientists and engineers employed at the Technical Center as of the close of the last fiscal year before the fiscal year in which any appointments subject to the numerical limitation are made.

The SSTM program will be managed and administered by the Technical Center Director. The Technical Center will review its positions classified at the GS-15 or equivalent level to determine those that may warrant classification above GS-15 equivalency. Panels will be created to assist in filling SSTM positions. Panel members will be selected from a pool of current Technical Center SES members, and later those in SSTM positions, and an equal number of individuals of equivalent stature from outside the laboratory to ensure impartiality, breadth of technical expertise, and a rigorous and demanding review. The panel will apply criteria developed largely from the current Office of Personnel Management (OPM) Research Grade Evaluation Guide for positions exceeding the GS-15 level. Vacant SSTM positions will be competitively filled to ensure that selectees are preeminent researchers and technical leaders in the specialty fields who also possess substantial managerial and supervisory abilities.

Figure 1. Paybands and Occupational Families

Occupational Families		Bands																
Corresponding GS Grades		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Above 15	
Engineers and Scientists (E&S)	DB	I N			II N/E						III* E		IV E		V E			
Technical and Business Management	DE	I N			II N/E						III N/E		IV E					
General Support	DK	I N			II N/E			III N/E										
E&S Band III has an upper limit equivalent to GS-13, step 10, plus \$10,000.																		

FLSA Codes: N - Nonexempt
 E - Exempt
 N/E - Exemption status determined on a case-by-case basis.

3. Fair Labor Standards Act

FLSA exempt and nonexempt determinations will be made consistent with criteria found in 5 CFR part 551. There are five paybands (see Figure 1) where employees can be either exempt or nonexempt from overtime provisions. For these five paybands supervisors with classification authority will make the determinations on a case-by-case basis by comparing the duties and responsibilities assigned, the classification standards for each payband, and the FLSA criteria under 5 CFR part 551. As needed, the advice and assistance of the servicing Civilian Personnel Advisory Center (CPAC) will be obtained in making determinations as part of the performance review process. The benchmark position descriptions will not be the sole basis for the determination, and the basis for an FLSA exemption determination will be documented and attached to each description. Exemption criteria will be narrowly construed and applied only to those employees who clearly meet the spirit of the exemption. Changes will be documented and provided to the Deputy Chief of Staff for Personnel (G-1) and CPAC, as appropriate.

4. Simplified Assignment Process

Today's environment of downsizing and workforce transition mandates that the Technical Center have increased flexibility to assign employees. Broadbanding can be used to address this

need. As a result of the assignment to a particular level descriptor, the organization will have increased flexibility to assign an employee, without pay change, within broad descriptions consistent with the organization's needs and the individual's qualifications and rank or level. Subsequent assignments to projects, tasks, or functions anywhere within the organization requiring the same level, area of expertise, and qualifications would not constitute an assignment outside the scope or coverage of the individual's current level descriptor.

Such assignments within the coverage of the generic descriptors are accomplished without the need to process a personnel action. For instance, a technical expert can be assigned to any project, task, or function requiring similar technical expertise. Likewise, a manager could be assigned to manage any similar function or organization consistent with that individual's qualifications. This flexibility allows broader latitude in assignments and further streamlines the administrative process and system.

5. Promotion

A promotion is an action to move an employee to either a higher payband in the same occupational family, or a payband in another occupational family in combination with an increase in the employee's salary. Positions with known promotion potential to a specific band within an occupational family will be identified when they are filled. Not all positions in an occupational family will have promotion potential to the same band. Movement from one occupational family to another will depend upon individual knowledge, skills, abilities, and the organization's needs.

Promotions will be processed under competitive procedures in accordance with merit principles and requirements and the local merit promotion plan. The following actions are excepted from competitive procedures:

- (a) Re-promotion to a position which is in the same payband and occupational family as the employee previously held on a permanent basis within the competitive service.
- (b) Promotion, reassignment, demotion, transfer, or reinstatement to a position having promotion potential no greater than the potential of a position an employee currently holds or previously held on a permanent basis in the competitive service.
- (c) A position change permitted by reduction in force procedures.
- (d) Promotion without current competition when the employee was appointed through competitive procedures to a position with a documented career ladder.
- (e) A temporary promotion, or detail to a position in a higher payband, of 180 days or less.
- (f) A promotion based on reclassification of positions, to include reclassification based on an incumbent's personal qualifications after application of the Research Grade Evaluation Guide, the Equipment Development Grade Evaluation Guide, Part III, or similar guides.
- (g) A promotion resulting from the correction of an initial classification error or the issuance of a new classification standard.
- (h) Consideration of a candidate not given proper consideration in a competitive promotion action.

6. Link between Promotion and Performance

a. Career ladder promotions and promotions resulting from the addition of duties and responsibilities are examples of promotions that can be made noncompetitively. To be promoted noncompetitively from one band to the next, an employee must meet the minimum qualifications for the job and have a current performance rating of B or better (see Performance Evaluation) or equivalent under a different performance management system.

b. Selection of employees through competitive procedures will require a current performance rating of B or better for internal Technical Center recruitment.

B. Pay-for-Performance Management System

1. Overview

The performance evaluation system will link compensation to performance through annual performance appraisals and performance scores. The performance evaluation system will allow optional use of peer evaluation and/or input from subordinates as determined appropriate by the PPB. The system will have the flexibility to be modified, if necessary, as more experience is gained under the project. A performance evaluation will consist of three meetings held between an employee and the supervisor during the performance cycle: the initial meeting (to establish performance objectives and performance elements), the midpoint meeting (a progress review), and the performance appraisal (a performance review and evaluation feedback meeting). The performance rating cycle will be October 1 through September 30.

2. Performance Objectives

Performance objectives are statements of job responsibilities based on the work unit's mission, goals, and supplemental benchmark position descriptions. Employees and supervisors will jointly develop performance objectives which will reflect the types of duties and responsibilities expected at the respective pay level. In case of disagreements, the supervisor's decision will prevail. Performance objectives deal with outputs and outcomes of a particular job. The performance objectives should be in place within 30 days from the beginning of each rating period.

3. Performance Elements

Performance elements are generic job performance attributes, such as technical competence, that an employee exhibits in performing job responsibilities and associated performance objectives. The new performance evaluation system will be based on critical and non-critical performance elements defined in Appendix B. Each performance element is assigned a weight within a specified range. The total weight of all elements is 100 points. The supervisor assigns each element some portion of the 100 points in accordance with its importance for mission attainment. As a general rule, essentially identical positions will have the same critical elements and the same weight. These weights will be developed along with employee performance objectives.

4. Midpoint Review

A midpoint review between a supervisor and employee will be held to determine whether objectives are being met and whether ratings on performance elements are above an unsatisfactory level. Performance objectives should be modified as necessary to reflect changes in planning, workload, and resource allocation. The weights assigned to performance elements may be changed during the midpoint review. Additional reviews may be held to provide periodic feedback to the employee on level of performance. If, at any point in the rating cycle, the supervisor determines that the employee is not performing at an acceptable level on one or more elements, the supervisor must alert the employee and document the problem(s).

5. Employee Feedback to Supervisors

Opportunity for employee feedback to supervisors is a critical component of this demonstration project. A voluntary feedback process will be developed and implemented within six months after implementation of the demonstration. Employee feedback will be for the

supervisors' information only, and will not be a factor in determining the supervisor's annual ratings of record.

6. Performance Appraisal Process

A performance appraisal process will begin the final weeks of the annual performance cycle, although an individual performance appraisal may be conducted at any time after the minimum appraisal period of 120 days. The performance appraisal process brings supervisors and employees together to discuss employee performance and results prior to assigning the employee a rating of record. If the employee is unavailable for a meeting, the supervisor will document the reasons and provide a written assessment of performance to the employee.

7. Performance Review

A supervisor will meet with the employee to discuss job performance and accomplishments. The supervisor will notify the employee of the review meeting and allow reasonable time for the employee to prepare a list of accomplishments. Employees will have an opportunity at the meeting to provide a personal performance assessment and describe accomplishments. The supervisor and employee will discuss job performance and accomplishments in relation to performance objectives and performance elements. Supervisors will not assign performance scores or performance ratings at this meeting.

8. Evaluation Feedback

In a meeting with the employee, the supervisor will inform the employee of management's appraisal of the employee's performance on performance objectives, and the employee's performance score and rating on performance elements. During this meeting, the supervisor and employee will also discuss and document performance objectives for the next rating period.

9. Performance Scores

The overall performance score is the sum of individual performance element scores.

Employees will receive an academic-type rating of A, B, C, D, or U depending upon the score attained. These summary ratings are representative of pattern H (a five-level system) in the summary level chart in 5 CFR 430.208(d)(1). This rating will become the rating of record, and only those employees rated D or higher will receive performance pay increases (i.e., basic pay increases), and/or performance bonuses. A rating of an A will be assigned for scores from 90 to 100 points, B-High for scores from 85 to 89 points, B-Low for scores 80 to 84 points, C for scores from 70 to 79 points, D for scores 50-69 points, and U for scores below 50 points, or a failure to achieve at the 50 percent level of any critical element. The academic-type ratings will be used to determine performance payouts as follows:

Rating (Score)	Summary Level	Compensation
A (90-100)	5 – Exceptional	4.0 shares
B (High; 85-89)	4 – Highly Successful	3.5 shares
B (Low; 80-84)	4 – Highly Successful	3.0 shares
C (70-79)	3 – Fully Successful	2.0 shares
D (50-69)	2 – Marginally Successful	1.0 share
U (0-49)	1 – Unsatisfactory	N/A

Benchmark performance standards will be used to assist in selecting the weighted points to assign to an employee's performance on each of the performance elements. These benchmark performance standards, published in the IOP, will be modified versions of the performance standards used by CCDC AvMC (62 FR 34902). Each benchmark performance standard will describe the level of performance associated with a particular point on a rating scale.

Supervisors may add supplemental standards for employees they supervise to further elaborate the benchmark performance standards.

10. Performance-Based Actions

The Technical Center Director or designee will implement a process to rehabilitate, reduce, or remove poor performers. The process may start at any time during the rating period and may lead to involuntary separation. The process will begin when the supervisor identifies one or more deficiencies that cause the level of performance to be at the U (unsatisfactory) level based on a composite score that is less than 50 for all elements or a score on any critical element of less than 50 percent.

When the employee's performance is determined to be unsatisfactory at the close of the annual rating period, the Unsatisfactory (U) rating will become the rating of record for all matters relating to pay or Reduction-in-Force (RIF). The process to address poor performance will be described in the IOP.

The Technical Center Director will preserve all relevant documentation which serves as the basis for an employment action related to poor performance and will make it available for review by the affected employee or the employee's designated representative. At a minimum, the record will consist of a notice of proposed action; the employee's written reply, if provided, or a summary if the employee makes an oral reply; the written notice of decision; evidence regarding the opportunity afforded the employee to demonstrate improved performance; and any other material considered by the decision maker.

11. Adverse Actions

The Technical Center Director may take an adverse employment action against an employee covered by the project only for such cause as will promote the efficiency of the project. An employee against whom an action is proposed will be provided at least 30 days advanced written notice and a reasonable time, but not less than 7 days, to respond. An

employee against whom an action is proposed will be afforded the same procedural and appeal rights provided to non-covered employees by 5 U.S.C. chapter 75 and related OPM regulations.

12. Awards

The Technical Center currently has an extensive awards program consisting of both internal and external awards. On-the-spot, special act (which are both performance related and nonperformance related), and other internal awards (both monetary and nonmonetary) will continue under the project, and may be modified or expanded as appropriate. DA and DoD awards and other honorary non-cash awards will be retained.

The Technical Center Director will have the authority to grant awards of up to \$10,000 to covered employees for a special act. The scale of the award will be determined using criteria in applicable DA regulations.

13. Pay Administration

The objective is to establish a pay system that will improve the Technical Center's ability to attract and retain quality employees. The new system will be a pay-for-performance system and, when implemented, will result in a redistribution of pay resources based upon individual performance. The performance rating cycle in the Technical Center will be October 1 through September 30, although the first cycle may be shortened based on actual implementation date. The first performance payout will be made effective with the first full pay period of calendar year (CY) 2020 (January 2020). Future pay adjustments will be effective at the beginning of the first full pay period of subsequent calendar years. General Pay Increases (GPI) and locality pay adjustments will be provided to all covered employees on the same basis as they are provided to GS employees.

14. Pay-for-Performance

The Technical Center will use a simplified performance appraisal system that will permit both the supervisor and the employee to focus on quality of the work. The proposed system will permit the manager/supervisor to base incentive pay increases entirely on performance or value added to the organization's goals. This system will allow managers to withhold pay increases from nonperformers, thereby giving the nonperformer the incentive to improve performance or leave government service. For example, employees with ratings of U will receive no performance pay increase or performance bonus, but will receive GPI.

Pay for performance has two components: performance pay increases and/or performance bonuses. The basic rates of pay used in computing the pay pool and performance payouts exclude locality pay. Locality pay will be added to the performance pay increases and/or performance bonuses after calculations are completed. All covered employees will be given the full amount of locality pay adjustments. Employees receiving retained rates will receive a pay increase in accordance with 5 U.S.C. 5363. The funding for performance pay increases and/or performance bonuses is composed of money previously available for within-grade increases, quality step increases, promotions from one grade to another where both grades are now in the same payband, and for some performance awards. Additionally, funds will be obtained from performance pay increases withheld for poor performance (see Performance Evaluation).

15. Performance Pay Pool

The performance pay pool is composed of a base pay fund and a bonus pay fund. The payouts made to employees from the performance pay pool will be a mix of base pay increases and bonus payments and will be paid such that the allocated funds are distributed as intended.

The funding for the base pay fund is composed of money previously available for within-grade increases, quality step increases, and promotions between grades that are banded under the

demonstration project. The bonus pay fund is separately funded within the constraints of the organization's overall performance award budget. The final bonus pay allocation may be indexed after initial calculations, within the constraints of in-house budget discipline, to be competitive with local industrial economic demographics such as market bonus percentages. Special ad hoc awards--e.g., suggestion awards, or special act awards, will be separately funded within the constraints of the Technical Center's operating budget and will not be included as part of the performance pay pool. The Technical Center will calculate initial performance pay pool funds and allocate these funds to pay pool managers as appropriate. This pay pool allocation, approved by the Technical Center Director, will be determined early in the annual performance appraisal cycle.

16. Performance Pay Increases and/or Performance Bonuses

A pay pool manager is accountable for establishing final pay pool funds. The pay pool manager assigns performance pay increases and/or performance bonuses to individuals on the basis of an academic-type rating, the value of the performance pay pool resources available, and the individual's current basic rate of pay within a given payband. A pay pool manager may request approval from the PPB or its designee to grant a performance pay increase and/or bonus to an employee that is higher than the compensation formula for that employee, to recognize extraordinary achievement or to provide accelerated compensation for local interns.

Extraordinary achievement recognition grants a base pay increase and/or bonus to an employee that is higher than the one generated by the compensation formula for that employee. Any base pay increase granted may not cause the employee to exceed the maximum rate of pay in the assigned payband. The funds available for extraordinary achievement recognition are separately funded within the constraints of the organization's budget.

Performance payouts, for the first year, will be calculated for each individual based upon a performance pay pool value that will be 3.7 percent (e.g., 2.4 percent performance pay + 1.3 percent performance bonus) of the combined basic rates of pay of the assigned employees. For subsequent years, this percentage, a payout factor, will be adjusted as necessary to compensate for changing employee demographics which impact the elements used in the GS system, such as the amount of step raises, quality step increases, and promotions. For subsequent years, the performance bonus pool value will be set at a minimum of 1.0 percent of the total Lab Demo Base Salary, or the limit set by DA if lower than 1.0 percent. An employee's performance payout is computed as follows:

Performance Payout	=	$(\text{Pool Value} * \text{SAL} * N) \div \text{SUM} (\text{SAL}_j * N_j); j = 1 \text{ to } n$
Pool Value	=	$F * \text{SUM} (\text{SAL}_j); \text{ where } j = 1 \text{ to } n$
n	=	Number of employees in pay pool
N	=	Number of shares earned by an employee based on their performance rating (0 to 4); where $j = 1 \text{ to } n$
SAL	=	An individual's basic rate of pay
SUM	=	The summation of the entities in parenthesis over the range indicated
F	=	Payout Factor

Once the individual performance payout amounts have been determined, the next step is to determine what portion of each payout will be in the form of a base pay increase as opposed to a bonus payment. A base pay share factor is derived by dividing the amount of the base pay fund by the amount of the total performance pay pool. This factor is multiplied by the individual performance payout amounts to derive each individual's projected base pay increase. Certain employees will not be able to receive the projected base pay increase due to base pay caps. Base pay is capped when an employee reaches the maximum rate of pay in an assigned payband, when the midpoint principle applies (see below), and when the 50 percent rule applies (see below).

Also, for employees receiving retained rates above the applicable payband maximum, the entire performance payout will be in the form of a bonus payment.

If the Technical Center Director determines it is appropriate, the Director may reallocate a portion (up to the maximum possible amount) of the unexpended base pay funds for employees not eligible for base pay increases (capped) to employees who are eligible for base pay increases (uncapped). This reallocation must be made on a proportional basis so that all uncapped employees receive the same percentage increase in their base pay share (unless the reallocation adjustment is limited by a pay cap). Any dollar increase in an employee's projected base pay increase will be offset, dollar for dollar, by an accompanying reduction in the employee's projected bonus payment. Thus, the employee's initial total performance payout is unchanged.

A midpoint principle will be used to determine performance pay increases. This principle requires that employees in all paybands must receive a C rating or higher to advance their basic rate of pay beyond the midpoint dollar threshold (the actual midpoint dollar amount between the top and bottom of the payband) of their respective paybands. If the performance payout formula yields a basic pay increase for a D-rated employee that would increase their basic rate of pay beyond the midpoint dollar threshold, then their basic rate of pay will be adjusted to the midpoint dollar threshold and the balance converted to a performance bonus. Once an employee has progressed beyond the midpoint dollar threshold, future performance pay increases will require a C rating or greater. If an employee attains a D rating and is beyond the midpoint dollar threshold, incentive pay increases will be restricted to performance bonuses only.

Annual performance pay increases will be limited to (1) 50 percent of the difference between the particular maximum band rate and the employee's current basic rate of pay, or (2) the projected performance pay increase, whichever is less, with the balance converted to a

performance bonus. This rule will not apply when an employee's current basic rate of pay is within \$500 of the maximum band rate. This means that employees whose pay has reached the upper limits of a particular payband will receive most performance incentives as a performance bonus. Performance bonuses are cash payments and are not part of the basic pay for any purpose (e.g., lump sum payments of annual leave on separation, life insurance, and retirement).

17. Supervisory Pay Adjustments

Supervisory pay adjustments may be used at the discretion of the Technical Center Director, to compensate employees assuming positions entailing supervisory responsibilities. Supervisory pay adjustments are increases to the supervisor's basic rate of pay, ranging up to 10 percent of that pay rate, subject to the constraint that the adjustment may not cause the employee's basic rate of pay to exceed the payband maximum rate. Only employees in supervisory positions with formal supervisory authority, as defined in the OPM GS Supervisory Guide, may be considered for the supervisory pay adjustment. Criteria to be considered in determining the pay increase percentage include the following organizational and individual employee factors:

- (1) Needs of the organization to attract, retain, and motivate high quality supervisors;
- (2) Budgetary constraints;
- (3) Years of supervisory experience;
- (4) Amount of supervisory training received;
- (5) Performance appraisals and experience as a group or team leader;
- (6) Their organizational level of supervision; and
- (7) Managerial impact on the organization.

Conditions, after the date of conversion into the demonstration project, under which the application of a supervisory pay adjustment may be considered are as follows:

(1) New hires into supervisory positions will have their initial rate of basic pay set at the supervisor's discretion within the pay range of the applicable payband. This rate of pay may include a supervisory pay adjustment determined using the ranges and criteria outlined above.

(2) A career employee selected for a supervisory position that is within the employee's current payband may also be considered for a supervisory pay adjustment. If a supervisor is already authorized a supervisory pay adjustment and is subsequently selected for another supervisory position, within the same payband, then the supervisory pay adjustment will be re-determined.

Within the demonstration project rating system, the performance element "Supervision/ EEO" is identified as a critical element. Changes in the rating value for this element awarded to a supervisor with a supervisory pay adjustment may generate a review of the adjustment and may result in an increase or decrease to that adjustment. Decrease to a supervisory pay adjustment is not an adverse action if this action results from changes in supervisory duties or supervisory ratings.

Upon initial conversion into the demonstration project, a supervisor converting into the same or substantially similar position, will be converted at the existing basic rate of pay and will not be offered a supervisory pay adjustment. Supervisory adjustments will not be funded from performance pay pools.

The supervisory adjustment will cease when an employee leaves a supervisory position. The cancellation of the adjustment is not an adverse action and is not appealable. If an employee is involuntarily removed from a supervisory position for cause, the removal action will be

conducted using adverse action procedures, and the employee may request the PPB approve pay retention as part of that process.

18. Supervisory Pay Differentials

A supervisory pay differential is a cash incentive that may range up to 10 percent of the supervisor's basic rate of pay. It is paid on a pay period basis and is not included as part of the supervisor's basic rate of pay. Criteria to be considered in determining the amount of this supervisory pay differential includes those identified for Supervisory Pay Adjustments. For SSTM personnel, this incentive may range up to five percent of base pay (excluding locality pay). The SSTM supervisory pay differential is paid on a pay period basis with a specified not-to-exceed date up to one year and may be renewed as appropriate.

The supervisory pay differential may be considered, either during conversion into or after initiation of the demonstration project. The differential must be terminated if the employee is removed from a supervisory position, regardless of cause, or no longer meets established eligibility criteria. Supervisory differentials will not be funded from performance pay pools.

All personnel actions involving a supervisory differential will require a statement signed by the employee acknowledging that the differential may be terminated or reduced at the Technical Center Director's discretion. The termination or reduction of the supervisory differential is not an adverse action and is not subject to appeal.

19. Distinguished Contribution Allowance (DCA)

The Technical Center needs increased capability to recognize and incentivize employees who are (a) consistently extremely high level performers and (b) paid at the top of their payband level. Eligibility for the Technical Center DCA is open to employees in all occupational families. A DCA, when added to an employee's pay (to include locality pay and any supervisory

differential), may not exceed the rate of basic pay for Executive Level I. DCA is paid on either a bi-weekly basis or as a lump sum following completion of a designated performance period, or combination of these. DCA is not an entitlement, and is used at the discretion of Technical Center Director to recruit and retain high performing employees. DCA is not base pay for any purpose, such as retirement, life insurance, severance pay, promotion, or any other payment or benefit calculated as a percentage of base pay. Employees may receive a DCA for up to five years but not more than 10 cumulative years over an employee's entire career. The DCA will be reviewed on an annual basis for continuation or termination. Further details will be published in the IOP

20. Retention Counteroffers

The Technical Center Director, working with the PPB, may offer a retention counteroffer to retain high performing employees with critical scientific or technical skills who present evidence of an alternative employment opportunity with higher compensation. Such employees may be provided increased base pay (up to the ceiling of the payband) and/or a one-time cash payment that does not exceed 50 percent of one year of base pay. This flexibility addresses the expected benefits described in paragraph II. C, particularly "increased retention of high quality employees." Retention allowances, either in the form of a base pay increase and/or a bonus, count toward the Executive Level I aggregate limitation on pay consistent with 5 U.S.C. 5307 and 5 CFR part 530, subpart B. Further details will be published in the IOP.

21. Pay and Compensation Ceilings

An employee's total monetary compensation paid in a calendar year may not exceed the basic rate of pay paid in level I of the Executive Schedule consistent with 5 U.S.C. 5307 and 5 CFR part 530, subpart B. In addition, each payband will have its own pay ceiling, just as grades

do in the GS system. Pay rates for the various paybands will be directly keyed to the GS rates. Except for retained rates, base pay will be limited to the maximum rates payable for each payband.

22. Pay Setting for Promotion

Upon promotion, an employee will be entitled to an eight percent increase in base pay or the lowest level in the payband to which promoted, whichever is greater. For employees who, currently or in the future, are assigned to occupational categories and geographic areas covered by special salary rate tables: (1) the minimum salary rate in the payband to which the employee is promoted is the minimum salary for the corresponding special salary rate or locality rate, whichever is greater; and (2) a demonstration staffing adjusted pay is considered basic pay for promotion calculations. On a case-by-case basis, the Technical Center PPB may approve requests for promotion base pay increases beyond eight percent, in accordance with established Technical Center operating procedures. The Technical Center PPB will document its rationale for decisions to provide an increase above eight percent. Highest previous rate may also be considered in setting pay in accordance with existing pay-setting policies.

23. Pay Retention

When an employee is involuntarily placed in a lower paid position, pay retention may be approved by the PPB, except for SSTM members who require approval by the Technical Center Director. Pay retention establishes the employee's rate of basic pay upon entry into an initial or new position. Any future adjustments to basic pay will be determined in accordance with the provisions of this FRN.

C. Classification

The objectives of the demonstration project classification system are to simplify the classification process, make the process more serviceable and understandable, and place more decision-making authority and accountability with line managers. All Technical Center positions will be identified in the IOP. Provisions will be made for including other occupations as employment requirements change in response to changing technical programs, a change in mission requirements, or new OPM-recognized occupations.

1. Occupational Series

The present GS classification system has over 400 occupations (also called series), divided into 22 groups. The occupational series will be maintained. New series, established by OPM, may be added as needed to reflect new occupations in the workforce.

2. Classification Standards

The Technical Center will use the CCDC AvMC classification system, modified as needed. The present classification standards will be used to create local benchmark position descriptions for each payband, reflecting duties and responsibilities comparable to those described in present classification standards for the span of grades represented by each payband. There will be at least one benchmark position description for each payband. A supervisory benchmark position description may be added to those paybands that include supervisory employees. Present titles and series will continue to be used in order to recognize the types of work being performed and educational backgrounds and requirements of incumbents. Locally developed specialty codes and OPM functional codes will be used to facilitate titling, making qualification determinations, and assigning competitive levels to determine retention status.

3. Position Descriptions and Classification Process

The Technical Center Director will have classification authority and may re-delegate this authority to subordinate managers in the IOP. Benchmark position descriptions to assist managers in exercising delegated position classification authority will be included in the IOP. Managers will identify the occupational family, job series, the functional code, the specialty code, payband level, and the appropriate acquisition codes. The manager will document these decisions on a benchmark cover sheet.

Specialty codes will be developed by Subject Matter Experts (SMEs) to identify the special nature of work performed. Functional codes are those currently found in the OPM Introduction to the Classification Standards which define certain kinds of activities, e.g., Research, Development, Test, and Evaluation, etc., and covers Engineers & Scientists.

4. Classification Appeals

Classification appeals are not accepted on positions which exceed the equivalent of a GS-15 level. For all other positions, an employee may appeal the occupational family, occupational series, or payband level of the position at any time. An employee must first raise the areas of concern to a supervisor in the employee's immediate chain of command, either verbally or in writing. If an employee is not satisfied with the supervisory response, he or she may then appeal to the DoD appellate level. Appellate decisions from DoD are final. Time periods for case processing under 5 CFR part 511 apply.

An employee may not appeal the accuracy of the position description, the demonstration project classification criteria, or the pay-setting criteria; the assignment of occupational series to an occupational family; the title of a position; the propriety of a salary schedule; or matters grievable under an administrative or negotiated grievance procedure or an alternative dispute resolution procedure.

The evaluation of a classification appeal under this demonstration project is based upon the demonstration project classification criteria. Case files will be forwarded for adjudication through the Civilian Personnel Advisory Center providing personnel service and will include copies of appropriate demonstration project criteria.

D. Hiring and Appointment Authorities

1. Qualifications

A candidate's basic eligibility will be determined using OPM's Qualification Standards Handbook for General Schedule Positions. Candidates must meet the minimum standards for entry into the payband. For example, if the payband includes positions in grades GS-5 and GS-7, the candidate must meet the qualifications for positions at the GS-5 level. Specific experience/education requirements will be determined based on whether a position to be filled is at the lower or higher end of the band. Selective placement factors can be established in accordance with the OPM Qualification Handbook, when judged to be critical to successful job performance. These factors will be communicated to all candidates for particular position vacancies and must be met for basic eligibility. Restructuring the examining process and providing an authority to appoint candidates meeting distinguished scholastic achievements will allow the Technical Center to compete more effectively for high quality personnel and strengthen the manager's role in personnel management as well as the goals of the demonstration project.

2. Appointment Authority

Under the demonstration project, there will continue to be career and career conditional appointments and temporary appointments not to exceed one year. These appointments will use existing authorities, and entitlements, and will comply with merit system principles. A public

notice may be used to fill anticipated permanent or modified term vacancies with a full-time or part-time work schedule at various locations.

Non-permanent positions (exceeding one year) needed to meet fluctuating or uncertain workload requirements may be competitively filled using the Flexible Length and Renewable Term Technical Appointment Authority (FLRTTA), authorized in 82 FR 43339, or the Contingent Employee Appointment Authority (CEAA), authorized in 62 FR 34876, 34889.

Employees hired for more than one year, under the Contingent Employee Appointment Authority, are given modified term appointments in the competitive service for up to five years. The Technical Center Director is authorized to extend a contingent appointment for up to one additional year.

Using the FLRTTA, a modified term scientific or technical position may be filled for any period of more than one year but not more than six years, and may be extended in up to six-year increments at any time. The initial source of candidates must be from outside of the DoD.

Employees hired under the FLRTTA and CEAA are entitled to the same rights and benefits as term employees. The Pay-for-Performance Management System described in III.B applies to employees appointed under these authorities. In addition, these employees may be eligible for conversion to career-conditional appointments. To be converted from CEAA or FLRTTA, the employee must (a) have been selected for the term position under an announcement or public notice specifically stating that the individual(s) selected for the term position(s) may be eligible for conversion to career-conditional appointment at a later date without further competition; (b) served two years of substantially continuous service in a term position; and (c) have a current rating of B or better.

Employees serving under term appointments at the time of conversion to the STRL Demonstration Project will be converted to new term contingent employee appointments. Time served in term positions prior to conversion to the contingent employee appointment is creditable to the requirement for two years of continuous service stated above, provided the service was continuous.

(a) Competitive Examining Authority

Category rating will be used to provide for a more streamlined and responsive hiring system to increase the number of eligible candidates referred to selecting officials. This provides for the grouping of eligible candidates into quality categories and the elimination of consideration according to the "rule of three." This includes the coordination of recruitment and public notices, the administration of the examining process, the administration of veterans' preference, the certification of candidates, and selection and appointment consistent with merit principles. Specific procedures used for competitive examining authority within the Technical Center will be detailed in the IOP.

(b) Distinguished Scholastic Achievement Appointment (DSAA)

A DSAA is an authorization to appoint candidates possessing a bachelor's degree or higher to Technical and Business Management positions up to pay band III. Candidates may be appointed to positions provided all of the following conditions are met: the candidate meets the minimum standards for the position as published in OPM's operating manual, "Qualification Standards for General Schedule Positions," plus any selective factors stated in the vacancy announcement; the occupation has a positive education requirement; and the candidate has a cumulative grade point average of 3.5 or better (on a 4.0 scale) in those courses in those fields of study that are specified in the Qualifications Standards for the occupational series.

Veterans' preference procedures will apply when selecting candidates under this authority. Preference eligible candidates who meet the above criteria will be considered ahead of non-preference eligible candidates. In making selections, to pass over any preference eligible candidate(s) to select a non-preference eligible candidate requires approval under applicable DA pass-over or objection procedures.

DSAAAs will enable the Technical Center to respond quickly to hiring needs for eminently qualified candidates possessing distinguished scholastic achievements.

(c) Direct Hire Authorities

The Technical Center will use the direct-hire authorities authorized by 10 U.S.C. 2358a to appoint the following:

- (1) Candidates with advanced degrees to scientific and engineering positions;
- (2) Candidates with bachelor's degrees to scientific and engineering positions;
- (3) Veteran candidates to scientific, technical, engineering, and mathematics positions (STEM), including technician positions; and
- (4) Student candidates enrolled in a program of instruction leading to a bachelors or advanced degree in a STEM discipline.

3. Legal Authority

For actions taken under the auspices of the demonstration project, the first legal authority code (LAC)/legal authority Z2U/Public Law 103-337 will be used. The second LAC/legal authority may identify the authority utilized (e.g., Direct Hire Authority). For all other actions, the nature of action codes and legal authority codes prescribed by OPM, DoD, or DA will continue to be used.

4. Probationary Period

The probationary period will be two years for all newly hired employees. All other features of the current probationary period are retained, including the potential to remove an employee without providing the full substantive and procedural rights afforded a non-probationary employee. Probationary employees will be terminated if an employee fails to demonstrate proper conduct, technical competency, and/or adequate contribution for continued employment. When the Technical Center Director or designee decides to terminate an employee serving a probationary period because his/her work performance or conduct during this period fails to demonstrate fitness or qualifications for continued employment, the employee will be provided written notification of the reasons for separation and the effective date of the action. The information in the notice as to why the employee is being terminated will, as a minimum, consist of the manager's conclusions as to the inadequacies of their performance or conduct.

5. Supervisory Probationary Periods

Supervisory probationary periods will be made consistent with 5 CFR 315.901. Employees that have successfully completed the initial probationary period will be required to complete an additional one year probationary period for the initial appointment to a supervisory position. If, during the supervisory probationary period, the decision is made to return the employee to a nonsupervisory position for reasons solely related to supervisory performance, the employee will be returned to a comparable position of no lower payband and pay than the position from which they were promoted.

6. Volunteer Emeritus Program (VEP)

The Technical Center Director will have the authority to offer former Federal employees who have retired or separated from the Federal service, voluntary assignments in the Technical Center. Volunteer Emeritus Program assignments are not considered "employment" by the

Federal government (except as indicated below). Thus, such assignments do not affect an employee's entitlement to buyouts or severance payments based on an earlier separation from Federal service. The Volunteer Emeritus Program will ensure continued quality research while reducing the overall salary line by allowing higher paid individuals to accept retirement incentives with the opportunity to retain a presence in the scientific community. The program will be of most benefit during manpower reductions as senior employees could accept retirement and return to provide valuable on-the-job training or mentoring to less experienced employees. Volunteer service will not be used to replace any employee, or interfere with career opportunities of employees. The Volunteer Emeritus Program may not be used to replace or substitute for work performed by civilian employees occupying regular positions required to perform the Technical Center's mission.

To be accepted into the Volunteer Emeritus Program, a candidate must be recommended by a Technical Center manager to the Technical Center Director. Everyone who applies is not entitled to participate in the program. The Technical Center Director will document the decision process for each candidate and retain selection and non-selection documentation for the duration of the assignment or two years, whichever is longer.

To ensure success and encourage participation, the volunteer's federal retirement pay (whether military or civilian) will not be affected while serving in a volunteer capacity. Retired or separated federal employees may accept an emeritus position without a break or mandatory waiting period.

Volunteers will not be permitted to monitor contracts on behalf of the government or to participate on any contracts or solicitations where a conflict of interest exists. The same rules that currently apply to source selection members will apply to volunteers.

An agreement will be established between the volunteer, the Technical Center Director, and the USASMDC G-1. The agreement will be reviewed by the servicing legal office. The agreement must be finalized before the assumption of duties and will include:

(a) a statement that the service provided is gratuitous, that the volunteer assignment does not constitute an appointment in the civil service and is without compensation or other benefits except as provided for in the agreement itself, and that, except as provided in the agreement regarding work-related injury compensation, any and all claims against the Government (stemming from or in connection with the volunteer assignment) are waived by the volunteer;

(b) a statement that the volunteer will be considered a federal employee for the purpose of:

(1) 18 U.S.C. 201, 203, 205, 207, 208, 209, 603, 606, 607, 643, 654, 1905, and 1913;

(2) 31 U.S.C. 1343, 1344, and 1349(b);

(3) 5 U.S.C. chapters 73 and 81;

(4) The Ethics in Government Act of 1978;

(5) 41 U.S.C. chapter 21;

(6) 28 U.S.C. chapter 171 (tort claims procedure), and any other Federal tort liability statute;

(7) 5 U.S.C. 552a (records maintained on individuals); and

(c) the volunteer's work schedule;

(d) the length of agreement (defined by length of project or time defined by weeks, months, or years);

(e) the support to be provided by the Technical Center (travel, administrative, office space, supplies);

(f) the volunteer's duties;

(g) a provision that states no additional time will be added to a volunteer's service credit for such purposes as retirement, severance pay, and leave as a result of being a participant in the Volunteer Emeritus Program;

(h) a provision allowing either party to void the agreement with 10 working days written notice;

(i) the level of security access required (any security clearance required by the assignment will be managed by the Technical Center while the volunteer is a participant in the Volunteer Emeritus Program);

(j) a provision that any written products prepared for publication that are related to Volunteer Emeritus Program participation will be submitted to the Technical Center Director for review and must be approved prior to publication;

(k) a statement that the volunteer accepts accountability for loss or damage to Government property occasioned by the volunteer's negligence or willful action;

(l) a statement that the volunteer's activities on the premises will conform to the Technical Center's regulations and requirements;

(m) a statement that the volunteer will not improperly use or disclose any non-public information, to include any pre-decisional or draft deliberative information related to DoD programming, budgeting, resourcing, acquisition, procurement or other matter, for the benefit or advantage of the Volunteer Emeritus Program participant or any non-Federal entities. Volunteer Emeritus Program participants will handle all non-public information in a manner that reduces the possibility of improper disclosure;

(n) a statement that the volunteer agrees to disclose any inventions made in the course of work performed at the Technical Center. The Technical Center Director will have the option to

obtain title to any such invention on behalf of the U.S. Government. Should the Technical Director elect not to take title, the Center will retain a non-exclusive, irrevocable, paid up, royalty-free license to practice or have practiced the invention worldwide on behalf of the U.S. Government;

(o) a statement that the Volunteer Emeritus Program participant must complete either a Confidential or Public Financial Disclosure Report, whichever applies, and ethics training in accordance with office of Government Ethics regulations prior to implementation of the agreement; and

(p) a statement that the Volunteer Emeritus Program participant must receive post-government employment advice from a DoD ethics counselor at the conclusion of program participation. Volunteer Emeritus Program participants are deemed Federal employees for purposes of post-government employment restrictions.

E. Employee Development

1. Expanded Developmental Opportunity Program

The Technical Center Expanded Developmental Opportunity Program will be funded by the Technical Center, and will cover all demonstration project employees. An expanded developmental opportunity complements existing developmental opportunities such as (1) long term training, (2) one year work experiences in an industrial setting via the Relations With Industry Program, (3) one year work experiences in laboratories of allied nations via the Science and Engineer Exchange Program, (4) rotational job assignments within the Technical Center, (5) up to one year developmental assignments in higher headquarters within the DA and/or the DoD, and (6) self-directed study via correspondence courses and local colleges and universities.

Each developmental opportunity period should benefit the Technical Center, as well as increase the employee's individual effectiveness. Various learning or uncompensated developmental work experiences may be considered, such as advanced academic teaching or research, or on-the-job work experience with public or non-profit organizations. Employees will be eligible for the Technical Center Expanded Developmental Opportunity Program after completion of seven years of Federal service. Final approval authority for participation in the Technical Center Expanded Developmental Opportunity Program will rest with the Technical Center Director, and selection for the Technical Center Expanded Developmental Opportunity Program will be granted on a competitive basis. An expanded developmental opportunity period will not result in loss of (or reduction in) basic pay, leave to which the employee is otherwise entitled, or credit for time or service. Employees accepting an expanded developmental opportunity may be required to enter a continued service agreement, which may vary from the requirement in 5 U.S.C. 4108(a)(1).

The opportunity to participate in the Technical Center Expanded Developmental Opportunity Program will be announced annually. Instructions for application and the selection criteria will be included in the announcement. Final selection for participation in the program will be made by the PPB. The position of employees on an expanded developmental opportunity may be backfilled with employees temporarily promoted or contingent employees or employees assigned via the simplified assignment process in Section III.A.

2. Training for Degrees

Degree training is an essential component of an organization that requires continuous acquisition of advanced and specialized knowledge. Degree training in the academic environment of laboratories is also a critical tool for recruiting and retaining employees with

critical skills. Current government-wide regulations authorize payment for degrees based on recruitment or retention needs. Degree payment is not currently permitted for non-shortage occupations involving critical skills.

The Technical Center will expand use of these authorities to provide degree payment opportunities to employees in all occupational families for purposes of meeting current or projected mission requirements, to ensure continuous acquisition of advanced and specialized knowledge essential to the organization, and to recruit and retain personnel critical to the present and future requirements of the organization. Degree payment may not be authorized where it would result in a tax liability for the employee without the employee's express and written consent. It is expected that the degree payment authority will be used primarily for advanced degrees, but may be used to fund undergraduate courses that are a necessary pre-requisite to the attainment of an advanced degree.

The Technical Center will develop guidelines to ensure competitive approval of degree training participation and that related decisions are fully documented. Employees participating in degree training will be required to enter a continued service agreement required by 5 U.S.C. 4108(a)(1).

IV. Training

Training about the demonstration project is key to its success. This training will provide the knowledge and skills necessary to carry out the demonstration project's proposed changes to the Technical Center's personnel system, as well as foster participant commitment to the program.

Training before the beginning of implementation and throughout the demonstration project will be provided to supervisors, employees, and the administrative staff responsible for assisting managers in effecting the changeover and operation of the new system.

The elements to be covered in the orientation portion of this training will include: (1) A description of the personnel system, (2) how employees are converted into and out of the system, (3) the pay adjustment and/or bonus process, (4) familiarization with the new position descriptions and performance objectives, (5) the performance evaluation management system, (6) the reconsideration process, (7) the demonstration project administrative and formal evaluation process, and (8) AFGE Local 1858's role and function in the demonstration program.

A. Supervisors

The focus of this demonstration project on management-centered personnel administration, with increased supervisory and managerial personnel management authority and accountability, demands thorough training of supervisors and managers in the knowledge and skills that will prepare them for their new responsibilities. Training will include detailed information on the policies and procedures of the demonstration project, skills training in using the classification system, position description preparation, performance evaluation, and interaction with AFGE Local 1858 as a partner. Additional training may focus on non-project procedural techniques such as interpersonal and communication skills.

B. Administrative Staff

The administrative staff, including G-1 personnel specialists, Technical Center technicians, and administrative officers, will play a key role in advising, training, and coaching supervisors and employees in implementing the demonstration project. This staff will need training in the procedural and technical aspects of the project.

C. Employees

The Technical Center, in conjunction with the AFGE Local 1858 and education and development assets of the USASMDC G-1 and the CPAC will train employees covered under the demonstration project. In the months leading up to the implementation date, meetings will be held for employees to fully inform them of all project decisions, procedures, and processes.

V. Conversion

A. *Conversion to the Demonstration Project*

Initial entry into the demonstration project for covered employees will be accomplished through a full employee protection approach that ensures each employee an initial place in the appropriate payband without loss of pay. Employees serving under regular term appointments at the time the demonstration project is implemented will be converted to the contingent employee appointments. Position announcements will not be required for these contingent employee appointments. An automatic conversion into the new broadband system will be accomplished from an interim GS grade and pay which corresponds to an employee's current broadband. Each employee's initial total salary under the demonstration project will equal the total salary received immediately before conversion. Employees who enter the demonstration project later by lateral reassignment or transfer (at the same pay grade from within the DoD) will be subject to these pay conversion rules.

If conversion into the demonstration project is accompanied by a geographic move, the employee's GS pay entitlements in the new geographic area must be determined before performing the pay conversion.

Employees who are on temporary promotions at the time of conversion will be converted to a payband commensurate with the grade of the position to which they are promoted. At the

conclusion of the temporary promotion, the employee will revert to the payband which corresponds to the employee's grade of record prior to the temporary promotion. When a temporary promotion is terminated, the employee's pay entitlements will be determined based on the employee's position of record, with appropriate adjustments to reflect pay events during the temporary promotion, subject to the specific policies and rules established by the Technical Center. In no case may those adjustments increase the pay for the position of record beyond the applicable pay range maximum rate. The only exception will be if the original competitive promotion announcement stipulated that the promotion could be made permanent; in these cases actions to make the temporary promotion permanent will be considered, and, if implemented, will be subject to all existing priority placement programs.

Employees who are covered by special salary rates (SSRs) upon being covered by the demonstration project will no longer be considered special rate employees under the demonstration project. These employees will, therefore, be entitled to full locality pay or a staffing supplement, whichever is greater. These employees' adjusted salaries will not change. Rather, the employees will receive a new basic pay rate computed under the staffing supplement rules in Section V.B.2.e. (Pay-Setting Provisions), if applicable. Adverse action and pay retention provisions will not apply to the conversion process, as there will be no change in total salary.

During the first 12 months after conversion into the demonstration project, employees in career ladder positions will receive pay increases for non-competitive promotion equivalents, provided the grade level of the promotion is encompassed within the same broadband, the employee's performance warrants the promotion, and promotions would have otherwise occurred

during that period. Employees who receive an in-level promotion at the time of conversion will not receive a prorated step increase equivalent as defined below.

Employees who enter the demonstration project later by lateral reassignment or transfer from the GS classification and pay system may receive an adjustment to their demonstration project base salary for a prorated value based upon the number of weeks the employee has performed at a successful level for purposes of eligibility for the next higher step under the GS system.

B. Conversion or Movement from a Project Position to a General Schedule Position

If a demonstration project employee is moving to a GS position not under the demonstration project, or if the project ends and all project employees must be converted back to the GS system, the following procedures will be used to convert the employee's demonstration project payband to a GS-equivalent grade and the employee's demonstration project rate of pay to GS equivalent rate of pay. The converted GS grade and GS rate of pay must be determined before movement or conversion out of the demonstration project and any accompanying geographic movement, promotion, or other simultaneous action. For conversions upon termination of the demonstration project and for lateral reassignments, the converted GS grade and rate will become the employee's actual GS grade and rate after leaving the demonstration project (before any other action). For employee movement within DoD (transfers), promotions, and other actions, the converted GS grade and rate will be used in applying any GS pay administration rules applicable in connection with the employee's movement out of the project (e.g., promotion rules, highest previous rate rules, pay retention rules), as if the GS converted grade and rate were actually in effect immediately before the employee left the demonstration project.

1. Grade-Setting Provisions

An employee in a payband corresponding to a single GS grade is converted to that grade.

An employee in a payband corresponding to two or more grades is converted to one of those grades according to the following rules:

a. The employee's adjusted rate of basic pay under the demonstration project (including any locality payment or staffing supplement) is compared with step four rates on the highest applicable GS rate range. (For this purpose, a "GS rate range" includes a rate in (1) the GS base schedule, (2) the locality rate schedule for the locality pay area in which the position is located, or (3) the appropriate special rate schedule for the employee's occupational series, as applicable.) If the series is a two-grade interval series, only odd-numbered grades are considered below GS-11.

b. If the employee's adjusted project rate equals or exceeds the applicable step four rate of the highest GS grade in the band, the employee is converted to that grade.

c. If the employee's adjusted project rate is lower than the applicable step four rate of the highest grade, the adjusted rate is compared with the step four rate of the second highest grade in the employee's payband. If the employee's adjusted rate equals or exceeds step four rate of the second highest grade, the employee is converted to that grade.

d. This process is repeated for each successively lower grade in the band until a grade is found for which the employee's adjusted project rate equals or exceeds the applicable step four rate of the grade. The employee is then converted at that grade. If the employee's adjusted rate is below the step four rate of the lowest grade in the band, the employee is converted to the lowest grade.

e. Exception: If the employee's adjusted project rate exceeds the maximum rate of the grade assigned under the above-described "step four" rule but fits in the rate range for the next higher applicable grade (i.e., between step one and step four), then the employee will be converted to that next higher applicable grade.

f. Exception: An employee will not be converted to a lower grade than the grade held by the employee immediately preceding a conversion, lateral reassignment, or transfer from within DoD into the project, unless since that time the employee has undergone a reduction in band.

2. Pay-Setting Provisions

An employee's pay within the converted GS grade is set by converting the employee's demonstration project rate of pay to the GS rate of pay in accordance with the following rules:

a. The pay conversion is done before any geographic movement or other pay-related action that coincides with the employee's movement or conversion out of the demonstration project.

b. An employee's adjusted rate of basic pay under the demonstration project (including any locality payment or staffing supplement) is converted to a GS adjusted rate on the highest applicable rate range for the converted GS grade. An employee's adjusted rate of basic pay under the demonstration project (including any locality payment or staffing supplement) is converted to the GS adjusted rate on the highest applicable rate range for the converted GS grade. (For this purpose, a "GS rate range" includes a rate range in (1) the GS base schedule, (2) an applicable locality rate schedule, or (3) an applicable special rate schedule.)

c. If the highest applicable GS rate range is a locality pay rate range, the employee's adjusted project rate is converted to a GS locality rate of pay. If this rate falls between two steps in the locality-adjusted schedule, the rate must be set at the higher step. The converted GS

unadjusted rate of basic pay would be the GS base rate corresponding to the converted GS locality rate (i.e., same step position). (If this employee is also covered by a special rate schedule as a GS employee, the converted special rate will be determined based on the GS step position. This underlying special rate will be basic pay for certain purposes for which the employee's higher locality rate is not basic pay.)

d. If the highest applicable GS rate range is a special rate range, the employee's adjusted project rate is converted to a special rate. If this rate falls between two steps in the special rate schedule, the rates must be set at the higher step. The converted GS unadjusted rate of basic pay will be the GS rate corresponding to the converted special rate (i.e., same step position).

e. Staffing Supplement

- Application of the Staffing Supplement upon Conversion to the Demonstration Project:

Employees assigned to occupational categories and geographic areas covered by special rates will be entitled to a staffing supplement if the maximum adjusted rate for the banded GS grades to which the employee is assigned is a special rate that exceeds the maximum GS locality rate for the banded grades. The staffing supplement is added to base pay, much like locality rates are added to base pay. For employees being converted into the demonstration project, total pay immediately after implementation of the staffing supplement will be the same as immediately before the staffing supplement, but a portion of the total pay will be in the form of a staffing supplement. Adverse action and pay retention provisions will not apply to the conversion process, as there will be no change in total salary. The staffing supplement is calculated as follows:

Upon conversion, the demonstration base rate will be established by dividing the employee's former GS adjusted rate (the higher of special rate or locality rate) by the staffing factor. The staffing factor will be determined by dividing the maximum special rate for the banded grades by the GS unadjusted rate corresponding to that special rate (step 10 of the GS rate for the same grade as the special rate). The employee's demonstration project staffing supplement is derived by multiplying the demonstration base rate by the staffing factor minus one. Therefore, the employee's final demonstration project special staffing rate equals the demonstration project base rate plus the staffing supplement. This amount will equal the employee's former GS adjusted rate.

Simplified, the formula is this:

Staffing factor = (Maximum special rate for the banded grades)/(GS unadjusted rate corresponding to that special rate)

Demonstration project base rate = (Former GS adjusted rate, special or locality rate)/(staffing factor)

Staffing supplement = (Demonstration project base rate) x (staffing factor -1)

Salary upon conversion = (Demonstration project base rate) + (staffing supplement)

Note: This sum will equal the existing rate.

Example: Assume there is a GS-854-11, step 3, employee stationed in Huntsville, Alabama, who is entitled to the greater of a SSR of \$65,213 or a locality rate of \$64,312 (\$55,265 + 16.37 percent). The maximum special rate for a GS-854-11, step 10 is \$79,478, and the corresponding regular rate is \$67,354. The maximum GS-11 locality rate in Huntsville is \$78,380 (\$67,354 + 16.37 percent), which is less than the maximum SSR. Thus, a staffing supplement is payable. The staffing factor is computed as follows:

Staffing factor = $\$79,478/\$67,354 = 1.1800$

Demonstration project base rate = $\$65,213/1.1800 = \$55,265$

Then to determine the staffing supplement, multiply the demonstration project base rate by the staffing factor minus one.

Staffing supplement = $\$55,265 \times 0.1800 = \$9,948$

The staffing supplement of \$9,948 is added to the demonstration project base rate of \$55,265 and the total salary is \$65,213, which is the salary of the employee before this intervention.

If an employee is in a band where the maximum GS adjusted rate for the banded grades is a locality rate, when the employee enters into the demonstration project, the demonstration project base rate is derived by dividing the employee's former GS adjusted rate (the higher of locality rate or special rate) by the applicable locality pay factor (for example, 1.1637 in the Huntsville area for CY 2016). The employee's demonstration project locality-adjusted rate will equal the employee's former GS adjusted rate. Any GS or special rate schedule adjustment will require computing the staffing supplement again. Employees receiving a staffing supplement remain entitled to an underlying locality rate, which may over time supersede the need for a staffing supplement. If OPM discontinues or decreases a special rate schedule, pay retention provisions will be applied. Upon geographic movement, an employee who receives the staffing supplement will have the supplement recomputed. Any resulting reduction in pay will not be considered an adverse action or a basis for pay retention.

- Application of the Staffing Supplement in Circumstances Other than Conversion to the Demonstration Project:

Calculation of the staffing supplement discussed above was presented in the context of a GS employee entering the demonstration project. Application of the staffing supplement is normally intended to maintain pay comparability for GS employees entering the demonstration project. However, the staffing supplement formulas must be compatible with non-Government employees entering the demonstration project and also be adaptable to the special circumstances of employees already in the demonstration project. Employees who are already in the demonstration project and who are in occupational categories covered by SSR tables will have their salaries examined for the application of a staffing supplement or a one-time salary adjustment.

The principles in the following paragraphs (1) through (6) govern the modifications necessary to the previous staffing supplement calculations to apply the staffing supplement to circumstances other than a GS employee entering the demonstration project. No adjustment under these provisions will provide an increase greater than that provided by the SSR. An increase provided under this authority is not an equivalent increase, as defined by 5 CFR 531.403. These principles are stated with the understanding that the necessary conditions exist that require the application of a staffing supplement.

(1) If a non-Government employee is hired into the demonstration project, the employee's entry salary will be used for the term "former GS adjusted rate" to calculate the demonstration project base rate.

(2) If a current demonstration project employee is covered by a SSR table that has not changed (other than by annual general pay increases), the employee's current demonstration project adjusted base salary will be used for the term "former GS adjusted rate" to calculate the demonstration project base rate.

(3) If a current demonstration project employee is covered by a new or modified SSR table, the employee's current demonstration project base rate is used to calculate the staffing supplement percentage. The employee's new demonstration project adjusted base salary is the sum of the current demonstration project base rate and the calculated staffing supplement.

(4) If a current demonstration project employee is in an occupational category that is covered by a SSR table and, subsequently, the occupational category becomes covered by a different SSR table with a higher value, the following steps must be applied to calculate a new demonstration project base rate:

Step 1. To obtain a relevance factor, divide the staffing factor that will become applicable to the employee by the staffing factor that would have applied to the employee.

Step 2. Multiply the relevance factor resulting from step one by the employee's current adjusted demonstration project rate to determine a new adjusted demonstration project rate.

Step 3. Divide the result from step two by the applicable staffing factor to derive a new demonstration project base rate. This new demonstration project base rate will be used to calculate the staffing supplement and the new demonstration project adjusted base salary.

(5) If, after the establishment of a new or adjusted SSR table, an employee enters the demonstration project (whether converted/hired from GS or another pay system, or hired from outside Government) prior to this intervention, then the employee's current adjusted base salary is used for the term "former GS adjusted rate" to calculate the demonstration project base rate. This principle prevents double compensation due to the single event of a new or adjusted SSR table.

(6) If an employee is in an occupational category covered by a new or modified SSR table, and the pay band to which assigned is not entitled to a staffing supplement, then the employee's

salary may be reviewed and adjusted to accommodate the salary increase provided by the SSR. The review may result in a one-time pay increase if the employee's salary equals or is less than the highest special salary grade and step that exceeds the comparable locality grade and step. Technical Center operating procedures will identify the officials responsible to make such reviews and determinations. The applicable salary increase will be calculated by determining the percentage difference between the highest step 10 SSR and the comparable step 10 locality rate and applying this percentage to the demonstration project base rate.

An established salary including the staffing supplement will be considered basic pay for the same purposes as a locality rate under 5 CFR 531.606(b), i.e., for purposes of retirement, life insurance, premium pay, severance pay, and pay advances. It will also be used to compute worker's compensation payments and lump-sum payments for accrued and accumulated annual leave.

3. E&S Payband III Employees

An employee in Payband III of the E&S Occupational family will convert out of the demonstration project at no higher than the GS-13, step 10 level. The Technical Center, in consultation with the USASMDC G-1 and CPAC, will develop a procedure to ensure that employees entering E&S Payband III understand that if they leave the demonstration project and their adjusted pay exceeds the GS-13, step 10 rate, there is no entitlement to retained pay; their GS-equivalent rate will be deemed to be the rate for GS-13, step 10.

4. E&S Payband V Employees

The minimum basic pay for DB-V positions is 120 percent of the minimum rate of basic pay for GS-15. Maximum DB-V basic pay with locality pay is limited to Executive Level III (EX-III), and maximum salary without locality pay may not exceed EX-IV. The total pay

(including locality pay and any supervisory differential) may not exceed the midpoint between the maximum rate of basic pay of EX–III and the maximum rate of basic pay of EX–II, rounded up to the next thousand (i.e., \$182,050 for calendar year 2019). An employee in Payband V of the E&S Occupational family will convert out of the demonstration project at the GS-15 level. The Technical Center, in consultation with the USASMDC G-1 and CPAC, will develop a procedure to ensure that employees entering Payband V understand that if they leave the demonstration project and their adjusted pay exceeds the GS-15, step 10 rate (e.g., SSTMs), there is no entitlement to retained pay; their GS-equivalent rate will be deemed to be the rate for GS-15, step 10. For those Payband V employees paid below the adjusted GS-15, step 10 rate, the converted rates will be set in accordance with paragraph 2.b.

5. Employees with Band or Pay Retention:

a. If an employee is retaining a band level under the demonstration project, apply the procedures in paragraphs 1.a. and 1.b. (Grade-Setting Provisions) above, using the grades encompassed in the employee's retained band to determine the employee's GS-equivalent retained grade and pay rate. The time in a retained band under the demonstration project counts toward the two-year limit on grade retention in 5 U.S.C. 5382.

b. If an employee is retaining a pay rate under the demonstration project, the employee's GS-equivalent grade is the highest grade encompassed in his or her band level. The Technical Center will coordinate with the DoD to prescribe a procedure for determining the GS-equivalent pay rate for an employee retaining a rate under the demonstration project.

6. Within-Grade Increase

Equivalent Increase Determinations: Service under the demonstration project is creditable for within-grade increase purposes upon conversion back to the GS pay system. Performance

pay increases (including a zero increase) under the demonstration project are equivalent increases for the purpose of determining the commencement of a within-grade increase waiting period under 5 CFR 531.405(b).

7. Personnel Administration

All personnel laws, regulations, and guidelines not waived by this demonstration project will remain in effect. Basic employee rights will be safeguarded and merit principles will be maintained. Supporting personnel specialists will continue to process personnel-related actions and provide consultative and other appropriate services.

Use of benchmark position descriptions is not anticipated to adversely impact an employee's ability to seek employment outside of the Technical Center. Technical Center employees participating in the demonstration project will have short generic benchmark position descriptions that describe the general type of work performed and the range of complexity and supervisory controls. The benchmark position description cover sheet lists the OPM occupational series, e.g., 855 for Electronics Engineer, to which the employee is assigned, and, where additional specificity is needed, lists a specialty code that is tied to the employee's benchmark description to a particular technology or functional area. The OPM occupational code will serve as ready identification, Government-wide, of the basic qualifications and experience that the employee possesses. In addition, virtually all federal employment systems, including OPM's, rely on employee-generated resumes that allow applicants to summarize or describe the details of their experience and training. Any pertinent information regarding Technical Center employees' knowledge, skills, or abilities not contained in the benchmark position description can be conveyed to potential employers through an employee's resume.

8. Automation

The Technical Center will continue to use the Defense Civilian Personnel Data System (DCPDS) for processing personnel-related data. Payroll servicing will continue from the respective payroll offices.

Local automated systems will be developed to support computing performance related pay increases, bonuses, awards, and other personnel processes and systems associated with this demonstration project.

9. Experimentation and Revision

Many aspects of a demonstration project are experimental. Revisions will be considered and negotiated with the Union, where appropriate, as experience is gained, results are analyzed, and conclusions are reached on how the demonstration project is working. The Technical Center may make minor modifications, such as changes in the occupational series in an occupational family, without further notice. Major changes, such as a change in the number of occupational families, will be negotiated with the Union to the extent required by law, regulation, and Executive Order, and published in the Federal Register. See 5 CFR part 470.

VI. Project Duration

Public Law 103-337 removed any mandatory expiration date for this demonstration project. The demonstration project evaluation plan adequately addresses how each personnel management change or flexibility will be comprehensively evaluated for at least the first five years of the demonstration project. Major changes and modifications to the flexibilities will be made if warranted by formative evaluation data and will be published in the Federal Register to the extent required.

VII. Evaluation Plan

A. Overview

Title 5 U.S.C. chapter 47 requires that an evaluation system be implemented to measure the effectiveness of the proposed personnel management changes or flexibilities. An evaluation plan for the entire STRL demonstration program covering 24 DoD labs was developed by a joint OPM/DoD Evaluation Committee. A comprehensive evaluation plan was submitted to the Office of Defense Research & Engineering in 1995 and subsequently approved (Proposed Plan for Evaluation of the DoD S&T Laboratory Demonstration Program, Office of Merit Systems Oversight & Effectiveness, June 1995). The primary focus of the evaluation is to determine whether the waivers granted result in a more effective personnel system than the current system as well as an assessment of the costs associated with the new system.

The present personnel system with its many rigid rules and regulations is generally perceived as an impediment to mission accomplishment. The Demonstration Project is intended to remove some of those barriers and therefore, is expected to contribute to improved organizational performance. While it is not possible to prove a direct causal link between intermediate and ultimate outcomes (improved personnel system performance and improved organizational effectiveness), such a linkage is hypothesized and data will be collected and tracked for both types of outcome variables.

B. Evaluation Model

An intervention impact model (Appendix A) will be used to measure the effectiveness of the various personnel system changes or interventions. Additional measures will be developed as new interventions are introduced or existing interventions modified consistent with expected effects. Measures may also be deleted when appropriate. Activity specific measures may also be developed to accommodate specific needs or interests which are locally unique.

The evaluation model for the Demonstration Project identifies elements critical to an evaluation of the effectiveness of the interventions. The overall evaluation approach will also include consideration of context variables that are likely to have an impact on project outcomes: e.g., Human Resource Management regionalization, downsizing, cross-service integration, and the general state of the economy. However, the main focus of the evaluation will be on intermediate outcomes, i.e., the results of specific personnel system changes which are expected to improve human resources management. The ultimate outcomes are defined as improved organizational effectiveness, mission accomplishment, and customer satisfaction.

C. Evaluation

The STRL Directors will conduct an internal evaluation of the STRL Personnel Demonstration Program. Because most of the eligible laboratories are participating in the program, a 5 U.S.C. comparison group will be compiled from the Central Personnel Data File (CPDF). This comparison group will consist of workforce data from Government-wide research organizations in civilian Federal agencies with missions and job series matching those in the DoD laboratories. The comparison group will be used primarily in the analysis of pay banding costs and turnover rates.

The evaluation effort will consist of two phases, formative and summative evaluation, covering at least five years to permit inter- and intra-organizational estimates of effectiveness. The formative evaluation phase will include baseline data collection and analysis, implementation evaluation, and interim assessments. The formal reports and interim assessments will provide information on the accuracy of project operation and current information on impact of the project on veterans and protected groups, Merit System Principles, and Prohibited Personnel Practices. The summative evaluation will focus on an overall

assessment of project outcomes after five years. The final report will provide information to DoD on how well the demonstration project achieved the desired goals, which interventions were most effective, and whether the results can be generalized to other Federal installations.

D. Method of Data Collection

Data from a variety of different sources will be used in the evaluation. Information from existing management information systems supplemented with perceptual survey data from employees will be used to assess variables related to effectiveness. Multiple methods provide more than one perspective on how the demonstration project is working. Information gathered through one method will be used to validate information gathered through another. Confidence in the findings will increase as they are substantiated by the different collection methods. The following types of qualitative and/or quantitative data will be collected as part of the evaluation: (1) Workforce data; (2) personnel office data; (3) employee attitudes and feedback using surveys, structured interviews, and focus groups; (4) local activity histories; and, (5) core measures of laboratory effectiveness.

VIII. Demonstration Project Costs

Costs associated with the development of the personnel demonstration system include software automation, training, and project evaluation. All funding will be provided through the Technical Center's budget. The projected annual expenses for each area is summarized in Table 1.

Table 1. Projected Developmental Costs (Then Year Dollars)					
	FY 18	FY 19	FY 20	FY 21	FY 22
Training	5K	20K	10K	10K	5K
Project Evaluation			5K	5K	50K
Automation	20K	75K	25K	10K	10K
TOTALS	25K	95K	40K	25K	65K

IX. Required Waivers to Law and Regulation

Public Law 103-337 gave the DoD the authority to experiment with several personnel management innovations. In addition to the authorities granted by the law, the following are the waivers of law and regulation that will be necessary for implementation of the Demonstration Project. In due course, additional laws and regulations may be identified for waiver request.

The following waivers and adaptations of certain 5 U.S.C. provisions are required only to the extent that these statutory provisions limit or are inconsistent with the actions contemplated under this demonstration project. Nothing in this plan is intended to preclude the demonstration project from adopting or incorporating any law or regulation enacted, adopted, or amended after the effective date of this demonstration project.

A. Title 5 U.S.C.

Chapter 5, section 552a: Records. Waived to the extent required to clarify that volunteers under the Voluntary Emeritus Program are considered employees of the Federal government for purposes of this section.

Chapter 31, section 3104: Employment of Specially Qualified Scientific and Professional Personnel. Waived to allow SSTMs.

Chapter 31, section 3132: The Senior Executive Service; Definitions and exclusions. Waived to allow SSTMs.

Chapter 33, section 3308: Competitive Service; Examinations; Educational Requirements Prohibited. This section is waived with respect to the scholastic achievement appointment authority.

Chapter 33, section 3317(a), Competitive Service, certification from registers. Waived insofar as “rule of three” is eliminated.

Chapter 33, section 3318(a), Competitive Service, selection from certificates. Waived insofar as “rule of three” is eliminated.

Chapter 33, section 3321: Competitive Service; Probationary Period: This section waived only to the extent necessary to replace grade with “pay band.”

Chapter 33, section 3324 and section 3325: Appointments to Positions Classified Above GS-15. Waived in entirety to allow SSTMs.

Chapter 33, section 3327: Civil service employment information. Waived to allow for provisions as described in this FRN.

Chapter 33, section 3330: Government-wide list of vacant positions. Waived to allow for provisions as described in this FRN.

Chapter 33, section 3341: Details. This waiver applies to the extent necessary to waive the time limits for details.

Chapter 35, section 3502: Order of Retention. Waived to the extent necessary to allow provisions of the RIF plan as described in this FRN.

Chapter 41, section 4107: Pay for Degrees. Waived in entirety.

Chapter 41, section 4108: Employee Agreements; Service after Training. To the extent that employees who accept an expanded developmental opportunity (sabbatical) do not have to sign a continued service agreement.

Chapter 43, sections 4301–4305: Related to performance appraisal. These sections are waived to the extent necessary to allow provisions of the performance management system as described in this FRN.

Chapter 51, sections 5101-5112: Related to classification standards and grading. Waived to the extent that white collar employees will be covered by broadbanding and to the extent

necessary to allow classification provisions described in this FRN. Pay category determination criteria for federal wage system positions remain unchanged.

Chapter 53, sections 5301–5307: Related to pay comparability system and General Schedule pay rates. Waived to the extent necessary to allow demonstration project employees, including SSTM employees, to be treated as General Schedule employees, and to allow basic rates of pay under the demonstration project to be treated as scheduled rates of pay. SSTM pay will not exceed EX-IV and locality adjusted SSTM rates will not exceed EX III.

Chapter 53, sections 5331-5336: General Schedule pay rates. These waivers apply to the extent necessary to allow: (1) Demonstration Project employees to be treated as GS employees; (2) to allow the provisions of this FRN pertaining to setting rates of pay; and (3) waive sections 5335 and 5336 in their entirety.

Chapter 53, sections 5361-5366: Grade and pay retention. Waived to the extent necessary to allow pay and grade retention provisions described in this FRN.

Chapter 55, section 5542(a)(1)-(2): Overtime rates; computation. These sections are adapted only to the extent necessary to provide that the GS-10 minimum special rate (if any) for the special rate category to which a project employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5542.

Chapter 55, section 5545(d): Hazardous duty differential. This waiver applies only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees. This waiver does not apply to ST employees or employees in Payband V of the E&S occupational family.

Chapter 55, section 5547(a)-(b): Limitation on premium pay. These sections are adapted only to the extent necessary to provide that the GS-15 maximum special rate (if any) for the

special rate category to which a project employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5547.

Chapter 57, section 5753: Recruitment and Relocation Bonuses. Waived to the extent necessary to allow demonstration project employees, including SSTM employees, to be treated as General Schedule employees.

Chapter 57, section 5754: Retention Bonuses. Waived to the extent necessary to allow provisions of the retention counteroffer and incentives as described in this FRN.

Chapter 57, section 5755: Supervisory Differentials. Waived to the extent necessary to allow provisions as described in this FRN.

Chapter 59, section 5941: Allowances based on living costs and conditions of environment; employees stationed outside continental U.S. or Alaska. This waiver applies only to the extent necessary to provide that COLAs paid to employees under the demonstration project are paid in accordance with the regulations prescribed by the President (as delegated to OPM).

Chapter 75, sections 7501(1), 7511(a)(1)(A)(ii), and 7511(a)(1)(C)(ii): Adverse Actions - Definitions. Waived to the extent necessary to remove the reference to one year of current continuous service, and to permit termination during the extended probationary period without using adverse action procedures for those employees serving a probationary period under an initial appointment except for those with veterans' preference.

Chapter 75, section 7512(3): Adverse actions. This waiver applies only to the extent necessary to replace “grade” with “payband.”

Chapter 75, section 7512(4): Adverse actions. This waiver applies only to the extent necessary to provide that adverse action provisions do not apply to (1) conversions from General Schedule special rates to demonstration project pay, as long as total pay is not reduced and (2)

reductions in pay due to the removal of a supervisory pay adjustment upon voluntary movement to a nonsupervisory position.

B. Title 5, Code of Federal Regulations

Parts 300 through 330, Employment (General) other than Subpart G of 300. Waived to the extent necessary to allow provisions of the direct hire authorities as described in 79 FR 43722 and 82 FR 29280.

Sections 300.601 through 300.605: Time-in-Grade requirements. Restrictions eliminated under the demonstration.

Section 315.803(b): Agency Action during probationary period (general). Waived to allow for termination during an extended probationary period without using adverse action procedures under 5 CFR part 752, subpart D.

Section 315.901 and 315.907: Statutory requirements. This waiver applies only to the extent necessary to replace “grade” with “pay band.”

Sections 316.301, 316.303, and 316.304: Term Employment. Waived to the extent necessary to allow modified term appointments and Flexible Length and Renewable Term Technical Appointments as described in this FRN.

Sections 330.103 through 330.105: Requirement to notify OPM. Waived to the extent necessary to allow the Technical Center to publish competitive announcements outside of USAJOBS.

Parts 332 and 335: Related to competitive examination. Waived to the extent necessary to allow employees appointed on a Flexible Length and Renewable Term Technical Appointment to apply for federal positions as status candidates.

Section 332.401(b): Order on Registers. Waived to the extent that for non-professional or non-scientific positions equivalent to GS-9 and above, preference eligibles with a compensable service-connected disability of 10 percent or more who meet basic (minimum) qualification requirements will be entered at the top of the highest group certified without the need for further assessment.

Section 332.402: Referring candidates for appointment. “Rule of three” will not be used in the demonstration projects.

Section 332.404: Order of selection from certificates. Waived to the extent that order of selection is not limited to highest three eligibles.

Section 335.103: Agency promotion programs. Waived to the extent necessary to extend the length of details and temporary promotions without requiring competitive procedures.

Section 337.101(a): Rating applicants. Waived to the extent necessary to allow referral without rating when there are 15 or fewer qualified candidates and no qualified preference eligibles.

Section 338.301: Competitive service appointment. Waived to allow for Distinguished Scholastic Achievement Appointment grade point average requirements as described in this FRN.

Section 351.402(b): Competitive Areas. Waived to allow the Technical Center to be established as a single competitive area.

Section 351.403: Competitive level. Waived to the extent that payband is substituted for grade.

Section 351.504: Credit for Performance. Waived to the extent necessary to allow provisions described in this FRN.

Section 351.701: Assignment Involving Displacement. Waived to the extent that employees bump rights will be limited to one payband except in the case of 30 percent preference eligible, which is a position equivalent to five GS grades below the minimum grade level of his/her payband.

Section 359.705: Related to SES pay. Waived to allow demonstration project rules governing pay retention to apply to a former SES placed on a SSTM position.

Section 410.308(a-f): Training to obtain an academic degree. Waived to the extent necessary to allow provisions described in this FRN.

[Section 410.309](#): Agreements to continue in service. This waiver applies to that portion that pertains to the authority of the head of the agency to determine continued service requirements, to waive repayment of such requirements, and to the extent that the service obligation is to the Technical Center.

Part 430, Subpart B: Performance Appraisal for General Schedule, Prevailing Rate, and Certain Other Employees. Waived to the extent that employees under the demonstration project will not be subject to the requirements of Subpart B.

Sections 432.102 – 432.106(a): Related to Performance-based Actions. Modified to the extent that an employee may be removed, reduced in band level with a reduction in pay, reduced in pay without a reduction in band level and reduced in band level without a reduction in pay based on unacceptable performance. Modified also to delete reference to critical element.

Part 511: Classification Under the General Schedule. Waived to the extent necessary to allow classification provisions outlined in this FRN to include the list of issues that are neither appealable nor reviewable, the assignment of series under the project plan to appropriate career paths; and to allow appeals to be decided by the Technical Center Director. If the employee is

not satisfied with the Technical Center Director's response to the appeal, they may then appeal to the DoD appellate level.

Part 530, Subpart C: Special salary rates. Waived in its entirety.

Part 531, Subparts B, D, and E: Determining rate of basic pay, within-grade increases, and quality step increases. Waived in its entirety.

Part 531, Subpart F: Locality-based comparability adjustments. This waiver applies only to the extent necessary to allow demonstration project employees, including SSTMs in Payband V, to be treated as General Schedule employees, and basic rates of pay under the demonstration project to be treated as scheduled annual rates of pay. This waiver does not apply to ST employees who continue to be covered by these provisions, as appropriate.

Part 536: Grade and pay retention. This waiver applies only to the extent necessary to (1) replace "grade" with "payband"; (2) provide that pay retention provisions do not apply to conversions from General Schedule special rates to demonstration project pay, as long as total pay is not reduced, and to reductions in pay due solely to the removal of a supervisory pay adjustment upon voluntarily leaving a supervisory position; (3) provide that an employee on pay retention whose performance rating is "U" is not entitled to 50 percent of the amount of the increase in the maximum rate of basic pay payable for the payband of the employee's position; (4) provide that pay retention provisions do not apply when reduction in basic pay is due solely to the reallocation of demonstration project pay rates in the implementation of a 'staffing supplement;' and (5) to the extent necessary to allow SSTMs to receive pay retention as described in this FRN.

Sections 550.105 and 550.106: Biweekly and annual maximum earnings limitations. These sections are adapted only to the extent necessary to provide that the GS-15 maximum special rate

(if any) for the special rate category to which a project employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5547.

Section 550.113(a): Computation of overtime pay. This section is adapted only to the extent necessary to provide that the GS-10 minimum special rate (if any) for the special rate category to which a project employee belongs is deemed to be the “applicable special rate” in applying the pay cap provisions in 5 U.S.C. 5542.

Section 550.703: Severance Pay. This waiver applies only to the extent necessary to modify the definition of “reasonable offer” by replacing “two grades or pay levels” with “one band level” and “grade or pay Level” with “band level.”

Section 550.902: Hazardous Duty Differential. This waiver applies only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees. This waiver does not apply to SSTM employees.

Part 575, Subparts A, B, C, and D: Recruitment Bonuses, Relocation Bonuses, Retention Allowances and Supervisory Differentials. This waiver applies to the extent necessary to allow employees and positions under the STRL demonstration project covered by paybanding to be treated as employees and positions under the General Schedule; to allow the Technical Center Director to pay a retention counteroffer up to 50 percent of basic pay of either a base pay and/or a cash payment to retain quality employees; and to the extent necessary to allow SSTMs to receive supervisory pay differentials. Criteria for retention determination and preparing written service agreements will be as prescribed in 5 U.S.C. 5754 and as waived herein.

Sections 752.201 and 752.401: Principal statutory requirements and coverage. Waived to the extent necessary to replace “grade” with “payband”; and to the extent necessary to provide that adverse action provisions do not apply to (1) conversions from General Schedule special

rates to demonstration project pay, as long as total pay is not reduced, and (2) reductions in pay due to the removal of a supervisory pay adjustment upon voluntary movement to a nonsupervisory position.

Appendix A: Project Evaluation and Oversight

Intervention Impact Model – DoD Lab Demonstration Program

1. Compensation			
INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
a. Paybanding	<ul style="list-style-type: none"> -increased organizational flexibility -reduced administrative workload, paperwork reduction -advanced in-hire rates -increased pay potential -increased satisfaction with advancement -increased pay satisfaction -improved recruitment 	<ul style="list-style-type: none"> -perceived flexibility -actual/perceived time savings -starting salaries of banded v. non-banded employees -progression of new hires over time by band, occupational family -mean salaries by band, occupational family, demographics, total payroll cost -employee perceptions of advancement -pay satisfaction, internal/external equity -offer/acceptance ratios -percent declinations 	<ul style="list-style-type: none"> -attitude survey -personnel office data, attitude survey -workforce data -workforce data -workforce data -attitude survey -attitude survey -personnel office data -personnel office data
b. Conversion buy-in	<ul style="list-style-type: none"> -employee acceptance 	<ul style="list-style-type: none"> -employee perceptions of equity, fairness -cost as a percent of payroll 	<ul style="list-style-type: none"> -attitude survey -workforce data
c. Supervisor pay differential/ adjustments	<ul style="list-style-type: none"> -Increased incentive to accept supervisory positions 	<ul style="list-style-type: none"> -perceived motivational power 	<ul style="list-style-type: none"> -attitude survey

2. Performance Management			
INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
a. Cash awards/ bonuses	<ul style="list-style-type: none"> -reward/motivate performance -to support fair and appropriate distribution of awards 	<ul style="list-style-type: none"> -perceived motivational power -amount and number of awards by occupational family, demographics -perceived fairness of awards -satisfaction with monetary awards 	<ul style="list-style-type: none"> -attitude survey -workforce data -attitude survey -attitude survey
b. Performance based pay progression	<ul style="list-style-type: none"> -increased pay-performance link -improved performance feedback -decreased turnover of high performers/increased turnover of low performers -differential pay progression of high/low performers -alignment of organizational and individual performance expectations and results -increased employee involvement in performance planning and assessment 	<ul style="list-style-type: none"> -perceived pay-performance link -perceived fairness of ratings -satisfaction with ratings -employee trust in supervisors -adequacy of performance feedback -turnover by performance rating category -pay progression by performance rating category, occupational family -linkage of performance expectations to strategic plans/goals -better communication of performance expectations -perceived involvement 	<ul style="list-style-type: none"> -attitude survey -attitude survey -attitude survey -attitude survey -attitude survey -workforce data -workforce data -attitude survey/ focus groups -attitude survey/ focus groups -attitude survey/ focus groups
c. New appraisal process	<ul style="list-style-type: none"> -reduced administrative burden -improved communication 	<ul style="list-style-type: none"> -employee and supervisor perception of revised procedures -perceived fairness of process 	<ul style="list-style-type: none"> -attitude survey -focus groups
d. Performance development	<ul style="list-style-type: none"> -better communication of performance expectations -improved satisfaction and quality of workforce 	<ul style="list-style-type: none"> -feedback and coaching procedures used -time, funds spent on training by demographics -organizational commitment -perceived workforce quality 	<ul style="list-style-type: none"> -attitude survey -workforce data/training records -attitude survey -attitude survey

3. Classification			
INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
a. Improved classification system with generic standards	-reduction in amount of time and paperwork spent on classification -ease of use -improved recruitment of employees with appropriate skills	-time spent on classification procedures -reduction of paperwork/number of personnel actions (classification/promotion) -managers' perceptions of time savings, ease of use, improved ability to recruit -quality of recruits -perceived quality of recruits -GPA of new hires, educational levels	-workforce data -workforce data -attitude survey -focus groups/interviews -focus groups -personnel office
b. Classification authority delegated to managers	-increased supervisory authority/accountability -decreased conflict between management and personnel staff -no negative impact on internal pay equity	-perceived authority -number of classification disputes/appeals pre/post -management satisfaction with service provided by personnel office -internal pay equity	-attitude survey -personnel office -attitude survey -attitude survey

4. Combination of All Interventions			
INTERVENTION	EXPECTED EFFECTS	MEASURES	DATA SOURCES
All	-Improved organizational effectiveness -improved management of R&D workforce -cross functional coordination -increased product success -cost of innovation	-combination of personnel management measures -employee/management satisfaction -perceived effectiveness of planning procedures -actual/perceived coordination -customer satisfaction -project training/development cost (staff salaries, contract cost, training hours per employee)	-all data sources -attitude survey -attitude survey -attitude survey -customer satisfaction surveys -demo project records -contract documents

Appendix B: Performance Elements

All employees will be rated against at least the five generic performance elements listed through “e” in this appendix. Technical competence is a mandatory critical element. Other elements may be identified as critical by agreement between the rater and the employee. In case of disagreements, the decision of the supervisor will prevail. Generally, any performance element weighted 25 or higher should be critical. However, only those employees whose duties require manager/leader responsibilities will be rated on element “f.” Supervisors will be rated against an additional critical performance element, listed at “g.” in this appendix:

a. Technical Competence. Exhibits and maintains current technical knowledge, skills, and abilities to produce timely and quality work with the appropriate level of supervision. Makes prompt, technically sound decisions and recommendations that add value to mission priorities and needs. For appropriate occupational families, seeks and accepts developmental and/or special assignments. Adaptive to technological change. (Weight range: 15 to 50).

b. Working Relationships. Accepts personal responsibility for assigned tasks. Considerate of others' views and open to compromise on areas of difference, if allowed by technology, scope, budget, or direction. Exercises tact and diplomacy and maintains effective relationships, particularly in immediate work environment and teaming situations. Always willing to give assistance. Shows appropriate respect and courtesy. (Weight Range: 5 to 15).

c. Communications. Provides or exchanges oral/written ideas and information in a manner that is timely, accurate and cogent. Listens effectively so that resultant actions show understanding of what was said. Coordinates so that all relevant individuals and functions are included in, and informed of, decisions and actions. (Weight Range: 5 to 15).

d. *Resource Management.* Meets schedules and deadlines, and accomplishes work in order of priority; generates and accepts new ideas and methods for increasing work efficiency; effectively utilizes and properly controls available resources; supports organization's resource development and conservation goals. (Weight Range: 15 to 50).

e. *Customer Relations.* Demonstrates care for customers through respectful, courteous, reliable, and conscientious actions. Seeks out and develops solid working relationships with customers to identify their needs, quantifies those needs, and develops practical solutions. Keeps customer informed and prevents surprises. Within the scope of job responsibility, seeks out and develops new programs and/or reimbursable customer work. (Weight Range: 10 to 50).

f. *Management/Leadership.* Actively furthers the mission of the organization. As appropriate, participates in the development and implementation of strategic and operational plans of the organization. Develops and implements tactical plans. Exercises leadership skills within the environment. Mentors junior personnel in career development, technical competence, and interpersonal skills. Exercises due responsibility of technical/acquisition/organizational positions assigned to them. (Weight Range: 0 to 50).

g. *Supervision/EEO.* Works toward recruiting, developing, motivating, and retaining quality team members; takes timely/appropriate personnel actions, applies EEO/merit principles; communicates mission and organizational goals; by example, creates a positive, safe, and challenging work environment; distributes work and empowers team members. (Weight Range: 15 to 50).

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